

nity, the redemption of its notes in assignats was decreed in 1790, bank-note issues were forbidden by the law of August 17, 1792, and the institution was suppressed by a decree of the National Convention on August

24> 1793-

The next three years were those of the consummation of the Reign of Terror, the execution of the King and Queen, the fall of Danton and Robespierre, and the restoration of order under the Directory. "What institution of credit/* asks M. Horn, "could have braved the tempest which agitated the end of the eighteenth century? What instrument of credit could have maintained itself against the assignafS) which destroyed alike the notions of value and of money? " ¹ But the Saturnalia of fiat money lasted but little longer than in the time of Law. The same sort of enactments,—making the paper money legal tender for debts at its nominal value, fixing maximum prices, punishing those who discredited the assignats in conversation,³ and inflicting the penalty of death upon those who kept their produce from the market,—quickly ran their course. The assignats in circulation amounted on January 1, 1796, to 27,565,237,396 francs, and had increased on September 7, to 45,578,810,040 francs, when they were worth one one-thousandth part of their nominal value. The whole fabric disappeared at a blow when the National Assembly decreed on July 16, 1796, that every one might transact business in whatever money he chose and that the mandates, which had superseded the •assignats, should be taken only at their current value. The •effect of this removal of the restrictions upon the natural laws •of money is thus strikingly portrayed by Professor MacLeod :

No sooner was this great blow struck at the paper currency, of making it pass at its current value, than specie immediately reappeared in circulation. Immense hoards came forth from their hiding places ; goods and commodities of all sorts being very cheap from the anxiety of their owners to possess money, caused immense sums to be imported from foreign countries. The exchanges immediately turned

¹ La Liberi[^] des
JSanques, 317. ⁹ Courtois,
99.